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By

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

MALACO, INC.	:	
	:	
VERSUS	:	
	:	CIVIL ACTION NO. 3:00-CV-2648-P
JOSEPH COOPER AND DOROTHY COSTANZO D/B/A GROUP HITMAKERS, INC. AND CLOSE UP PRODUCTIONS	:	

MEMORANDUM IN SUPPORT OF PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

MAY IT PLEASE THE COURT:

I. FACTUAL BACKGROUND

This is a copyright infringement action seeking injunctive and other relief arising out of the unauthorized marketing and sale by Defendants, Joseph Cooper and Dorothy Costanzo, of a musical video entitled "Johnnie Taylor Live at the Longhorn Ballroom." The video contains renditions of four (4) musical compositions in which Malaco owns copyrights, to-wit:

(A) Wall to Wall;

(B) Still Called the Blues;

(C) Just Because; and

(D) I'm Changing.

A copy of the label on the infringing videotape is attached to the Affidavit of Thomas J. Couch as Exhibit 2.[1] Malaco had no knowledge the performance was videotaped by Defendants, and Malaco

[1]The Affidavit of Thomas J. Couch is attached to Malaco's Supplemental Memorandum in Support of Motion for Preliminary Injunction ("Supplemental Memorandum") as **Exhibit A**.

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did not consent thereto or to Defendants' subsequent efforts to exploit the tape for profit. Affidavit of Thomas J. Couch, at ¶¶ 8-13.

From June 1, 1984 until Johnnie Taylor's death, he and Malaco were parties to an "Exclusive Recording Artist Agreement" (hereinafter the "Agreement"), a copy of which is attached to the Affidavit of Thomas J. Couch as Exhibit 1. The Agreement provides that Malaco will be sole owner of all master recordings and phonographs and shall have the exclusive right to copyright such recordings as owner and author thereof. Agreement, Section 7(a). The Agreement also grants to Malaco the exclusive right to, among other things, use Taylor's name, portraits, pictures and likeness in connection with the sale, lease or disposition of merchandising rights. Agreement, Section 17. The Agreement further provides that Malaco shall be the exclusive owner of all videos and all rights, including copyrights, thereto. Agreement, Section 23(a).

Following execution of the Agreement, Taylor performed numerous songs, the copyrights for which are owned by Malaco. The musical composition "Still Called the Blues" was published on November 8, 1984, when it was included on Malaco's copyrighted musical album "This is Your Night," performed by Johnnie Taylor. A true and correct copy of the Copyright Registration Certificate issued to Malaco on November 16, 1984 for the album "This is Your Night" is attached to the Affidavit of Rosetta Anderson as Exhibit 1.[2] The other three (3) musical compositions named above first were published November 17, 1985, when they were included on Malaco's copyrighted musical album "Wall to Wall," which also was performed by Johnnie Taylor. A true and correct copy of the Copyright Registration Certificate issued to Malaco on May 23, 1986 for the album

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[2]The Affidavit of Rosetta Anderson is attached to the Supplemental Memorandum as **Exhibit B**.

"Wall to Wall" is attached to the Affidavit of Rosetta Anderson as Exhibit 2.

Even though each of the musical compositions are protected by the copyright certificates obtained by Malaco for the albums, out of an abundance of caution Malaco also submitted separate applications for registration for each of the four musical compositions. Those applications are attached to the Affidavit of Rosetta Anderson as Exhibits 3 to 6. The applications, together with two (2) copies of the copyrighted Malaco cassettes, "This is Your Night" and "Wall to Wall," on which the songs are contained, were received on or about October 3, 2000 by the United States Copyright Office. A copy of the Statement of Deposit Account for Malaco is attached to the Affidavit of Rosetta Anderson as Exhibit 7. As shown on the Statement, all fees for submitting the four applications were paid by Malaco when the United states Copyright Office debited Malaco's deposit account on October 3, 2000. Affidavit of Rosetta Anderson at ¶¶ 4 and 8.

Johnnie Taylor died on May 31, 2000. Affidavit of Thomas J. Couch at ¶ 6. Before and after Taylor's death, Cooper tried to sell the video to Malaco and have Malaco market it under its label, but Malaco refused. Affidavit of Thomas J. Couch at ¶ 6 . On October 16, 2000, Cooper called Rosetta Anderson, an employee of Malaco, and requested a video synchronization license for the Johnnie Taylor songs on the videotape. Affidavit of Rosetta Anderson at ¶ 10. She suggested that Cooper fax a written request to her, but Cooper did not do so. Id. Cooper called Anderson back sometime later and inquired about the status of the requested license, and Anderson told him that she never received the written request from him. Again, Cooper told her that he would send her a written request, but he never did so. Id.

Having been rebuffed in their effort to sell the infringing video to Malaco or to obtain a license, Defendants[3] began marketing and selling the video under the name of "Group Hitmakers, Inc."[4] One of Defendants' advertisements for the unlawful video is set forth in the October 2000 edition of "BRE" magazine at page 34, a copy of which is attached to the Affidavit of Thomas J. Couch as Exhibit 3. The advertisement provides in part:

> "The late Johnnie Taylor is the subject of a new music video release called "Johnnie Taylor, Live at the Longhorn Ballroom." The Longhorn, a Dallas institution, was where Taylor did his last show. The video is one of the best selling videos in Dallas."

As if to inspire some notion of legitimacy by consumers into their unlawful actions, Defendants' advertisement further states: "Distributors of the project, Group Hitmakers, Inc., are offering cash rewards for reporting bootleggers of the video." A similar advertisement, calling the video the "Fastest Selling Video in Dallas History," is contained in the December 2000 edition of "Southwest Blues." A copy of that advertisement is attached to the Affidavit of Thomas J. Couch as Exhibit 4.

Shortly after Malaco learned of Defendants' activities, Malaco wrote to Defendant Joseph Cooper and Hal Cook, whom Malaco believed was the Defendants' attorney[5], advising them that the videotape violated Malaco's copyrights in musical compositions included on the video, demanded that Defendants immediately cease their infringing activities, and warned them that if they continued their unlawful activities, a lawsuit would be filed to enforce all of Malaco's rights. A copy of the

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[3]The label on the infringing videotape states that Defendant Joseph Cooper is the producer and Defendant Dorothy Costanzo is the executive producer.

[4]"Group Hitmakers, Inc." apparently is a d/b/a for Defendants, as the Texas Secretary of State shows that there is no such corporation on record with that office.

[5]The attorney who has answered this lawsuit for Dorothy Costanzo is Harold Cook, who is located at the address shown on the demand letter. Cook later withdrew as her attorney because he had not been paid.

August 7, 2000 demand letter is attached to the Affidavit of Thomas J. Couch as Exhibit 5. Defendants never responded.

Malaco filed this action on December 5, 2000 seeking injunctive relief and damages for Defendants' copyright infringement. The Court granted Malaco's motion for preliminary injunction against Dorothy Costanzo on March 2, 2001 and against Joseph Cooper on August 23, 2001. This motion for summary judgment seeks to make those preliminary injunctions permanent and to obtain an award of statutory damages, attorneys fees and costs.

II.

LAW AND ARGUMENT

Summary Judgment Standard

Pursuant to Rule 56, a party may obtain summary judgment when "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). In determining whether a genuine issue of material fact exists, courts view the evidence and inferences in the light most favorable to the nonmoving party. Taylor v. Gregg, 36 F.3d 453, 455 (5th Cir. 1994). Dispute about a material fact is "genuine" if the evidence could lead a reasonable jury to find for the nonmoving party. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248, 106 S. Ct. 2505, 2510, 91 L. Ed. 2d 202 (1986).

Once the moving party presents the district court with a properly supported summary judgment motion, the burden shifts to the nonmoving party to show that summary judgment is inappropriate. Lavespere v. Niagara Mach. & Tool Works, Inc., 910 F.2d 167, 178 (5th Cir.1990). In doing so, the nonmoving party may not rest upon the mere allegations or denials of its pleadings, and unsubstantiated or conclusory assertions that a fact issue exists will not suffice. Anderson, 477 U.S. at 256, 106 S. Ct. at 2514. Rather, the nonmoving party must set forth specific facts showing the existence of a "genuine" issue concerning every essential component of its case. Thomas v. Price, 975 F.2d 231, 235 (5th Cir.1992). That is, the nonmoving party must adduce evidence sufficient to support a jury verdict. Anderson, 477 U.S. at 248, 106 S. Ct. at 2510.

Permanent Injunctive Relief

As this Court stated in its August 23, 2001 Order, to succeed in a claim of copyright infringement, the plaintiff must establish two elements: (1) ownership; and (2) copying. Order, page 4, citing Computer Management Assistance Co. v. DeCastro, 220 F.3d 396, 400 (5th Cir. 2000) and Alcatel USA v. DGI Technologies, 166 F.3d 772, 790 (5th Cir. 1999).

Here, ownership is readily proven, as Malaco's registrations with the U.S. Copyright Office entitle Malaco to a presumption of copyright validity and ownership. 17 U.S.C. Sec. 410(c) and 17 U.S.C. Sec. 102(a).[6] Even though the four songs were not listed separately on the original copyright registrations, they are still protected under copyright because the albums containing them were copyrighted, and the songs previously were unpublished. Szabo v. Errisson, 68 F.3d 940, 943-44 (5th Cir. 1995).

There also is no dispute regarding copying by Defendants. "Copying" is a judicial shorthand for the infringement of any of the copyright owner's exclusive rights. Playboy Enterprises v. Webbworld, 991 F. Supp. 543, 550 (N.D. Tex. 1997). Defendants' admitted marketing of the videotape containing Malaco's copyrighted songs violates many of the exclusive rights provided in

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[6]The songs were registered on the dates and in the manner set forth in the Court's Order at footnote 15.

17 U.S.C. Sec. 106, including the right to distribute copies of the works to the public.

It is indisputable that Defendants never received permission from Malaco to market and sell the Taylor Video. In fact, it is undisputed that Defendants were warned that the Taylor Video infringed Malaco's copyrights, and if they did not immediately cease their infringing activities, Defendants would be the subject of legal action by Malaco to put an end to their illegal conduct. Affidavit of Thomas J. Couch at para. 6; Exhibit 5 to Couch Affidavit.

Defendants cannot show a genuine dispute as to any material facts sufficient to deny this motion for summary judgment. The undisputed facts show that Malaco owned the copyrighted works at issue and that Defendants copied those works without Malaco's consent and continued to copy those works after being warned not to do so. Accordingly, Malaco is entitled to summary judgment making the preliminary injunctions permanent.

Statutory Damages

This is flagrant case of copyright infringement. Defendants not only are infringing the copyright of Plaintiff in the musical compositions which are the subject of this action, they are doing so knowingly and with total disregard of Malaco's intellectual property rights. Malaco clearly has sustained injury. However, due to the complexity of quantifying Malaco's damages and lost profits, and for the purpose of this motion for summary judgment, Malaco elects to receive an award of statutory damages from Defendants.

Except where infringement is willful or innocent, Section 504(c) of the Copyright Act sets the statutory damage range at "not less than $750 or more than $30,000" for "all infringements involved in the action, with respect to any one work." Statutory damages are based on the number of works that are infringed, not on the number of infringements of a work. Mason v. Montgomery

Data, 967 F.2d 135, 143-44 (5th Cir. 1992). A copyright owner can recover statutory damages only if the work at issue was registered prior to the commencement of the infringement. 17 U.S.C. Sect. 412.

In a case such as this, where the copyright owner sustains the burden or proving willful infringements, the court in its discretion may increase the award of statutory damages to a sum of not more than $150,000 per infringed work. 17 U.S.C. Sec. 504(c). Willful infringements require a showing of either actual or constructive knowledge – that is, that the defendant knew or should have known it was infringing, or acted in reckless disregard of the high probability that it was infringing. Kepner-Tregoe v. Vroom, 186 F.3d 283, 288 (2nd Cir. 1999).

There is no question here that Defendants' infringements occurred after Malaco registered the copyrights to the four works. As shown above, the copyright registrations for the works were made in 1984 and 1986. The advertisements placed by Defendants in the October 2000 edition of BRE and the December 2000 issue of Southwest Blues (attached to the Affidavit of Couch at Exs. 3 and 4) clearly occurred after the registrations. Furthermore, the label for the infringing videotape (attached to the Affidavit of Couch as Ex. 2) purports to have a "copyright" date of 2000. Also, Joseph Cooper's Answer to this lawsuit affirmatively alleges that the tape was made on January 27, 1989 – which is well after Malaco's registrations. Cooper Answer, para. 2. While Dorothy Costanzo's Answer is more vague with regard to the date of the videotaping, it seems clear that even she admits it occurred in the late 1980's and as late as 1989. Costanzo Answer, para. 25, 26 and 27.

There is likewise little doubt regarding the willfulness of Defendants' violations of the copyright laws. On August 7, 2000 (prior to the placement of advertisements for the tape by Defendants), Malaco's attorney wrote Mr. Cooper and his attorney and demanded that the infringing conduct cease. Nevertheless, Defendants continued with their unlawful course of action. Defendants not only should have known of their illegal conduct – they, in fact, knew they had no right to market that tape, but they did so anyway. It is difficult to imagine a more obvious case of copyright infringement. Malaco therefore suggests that the maximum amount of statutory damages be awarded: $150,000 for each of four copyrighted songs, for a total of $600,000 in statutory damages.

Attorney's Fees

Malaco also requests an award of reasonable attorney's fees under 17 U.S.C. Sect. 505. The factors to be considered in making an award are: frivilousness, motivation, objective unreasonableness and the need to advance considerations of compensation and deterrence. McKinley v.Raye, 1998 U.S. Dist. LEXIS 3019 (N.D. Tex., March 10, 1998)(Solis, J.). It is respectfully submitted that an award of attorney's fees is necessary to compensate Malaco for its losses and to deter defendants from engaging in their willful conduct again.

Assuming the Court is inclined to grant Malaco's request for attorney's fees, Malaco requests leave of Court to submit the issue of the amount of attorney's fees to the Court by motion and affidavit following the issuance of the Court's ruling on this motion for summary judgment.

III.

CONCLUSION

Defendants have not shown (and cannot show) any possible legal justification for their willful infringements of Malaco's four copyrighted works. A trial on the merits would only serve to further increase the cost to Malaco of Defendants' illegal actions. Accordingly, Malaco respectfully suggests that it is entitled to summary judgment awarding Malaco a permanent injunction, together with statutory damages and attorney's fees. Malaco further prays for all other legal and equitable relief.

Respectfully submitted,

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ATTORNEYS FOR PLAINTIFF,
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on Mr. Joseph Cooper and Ms. Dorothy Costanzo by placing a copy in the U.S. Mail, with adequate postage affixed thereon, to their last known address.

Shreveport, Louisiana, this 3d day of April, 2002.

OF COUNSEL